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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004798

SIPDIS

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TAGS: [EAID](#) [EINV](#) [EFIN](#) [PREL](#) [KU](#) [IZ](#)

SUBJECT: (C) KUWAIT FM SAYS GOK'S IRAQ PLEDGE WILL BE SUBJECT TO PARLIAMENTARY APPROVAL

REF: SECSTATE 294287

Classified By: Ambassador Richard H. Jones, reasons 1.5 b and d.

¶1. (C) The Ambassador met with Kuwaiti Foreign Minister Shaykh Dr. Mohammed al-Sabah at the airport on October 20, immediately prior to the FM's departure for visits to Poland, Hungary and Spain, where he will represent Kuwait at the October 23-24 Madrid conference. This was the first opportunity to meet with Dr. Mohammed since receipt of reftel due to his participation in the OIC Summit and events surrounding the opening of the fall session of the National Assembly.

¶2. (C) The Ambassador began the meeting by reviewing the Secretary's oral message on Madrid with Dr. Mohammed. (See

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paragraph 5 for the text, as amended at post to take into account the situation in Kuwait.) Dr. Mohammed listened carefully and then briefed the Ambassador on the state of play for Kuwait's Madrid pledge. He said that Kuwait intends to provide significant assistance to Iraq. This assistance will be both short-term and medium-term in nature. It will be a mixture of grants and traditional development assistance provided through the Kuwait Fund for Arab Economic Development. In addition, there will be an important private sector component. He indicated that this would largely take the form of the Kuwait Investment Authority's (KIA) participation in Iraq focused investment funds that have recently been created by two local companies (Global Investments and the National Bank of Kuwait). Unfortunately, he said, all of Kuwait's plans must be contingent upon approval by the National Assembly, which only resumed work today after its summer recess. Although the GOK has already consulted with the Speaker of the Assembly, his deputy and members of key committees, out of deference to the legislative branch it would not yet be able to quote a specific figure in Madrid. He noted that there was a precedent for this in 1994 when Kuwait took part in a conference on aid to the Palestinians but was unable to make a specific pledge for the same reason.

¶3. (C) During the ensuing discussion, Dr. Mohammed expressed considerable concern about Saudi Arabia's attitude toward the conference. In discussions on the margins of the OIC Summit, he had picked up that the SAG would not provide assistance to Iraq until there was an internationally recognized Iraqi government in place. He found this extremely disappointing and doubted that Saudi FM Prince Saud al-Faisal would take part in the Madrid conference. The Ambassador agreed that, unfortunately, these impressions squared with his own.

¶4. (C) The Ambassador also engaged Dr. Mohammed in a discussion of Kuwait's plans to foster greater Kuwaiti private sector participation, at Madrid and in the reconstruction process itself. Dr. Mohammed confirmed that he had already talked to the "usual suspects" in the Kuwaiti private sector about the issue and would encourage them to take part in the October 23 private sector meeting. He also noted that the GOK was considering having KIA undertake an OPIC-style investment insurance program for private sector investments in Iraq. Finally, he indicated that the GOK would look favorably on proposals for offset projects involving American, Kuwaiti and Iraqi firms, noting that discretionary authority already exists under Kuwait's offset program for investments outside of Kuwait to qualify for offset credit.

¶5. (C) Begin Text of Secretary's Oral Message as Delivered to FM Shaykh Dr. Mohammed al-Sabah:

The adoption of UN Security Council Resolution 1511 on October 16, 2003, is a victory for the future of Iraq.

The resolution reflects the strong consensus of the international community: Iraq's reconstruction and stabilization merit our sustained support.

This council action should serve as a catalyst for each of us to consider carefully what additional steps we can take to contribute to Iraqis' efforts to reconstruct their country.

Treasury Secretary Snow and I will be in Madrid for the

Donors Conference on Iraq, October 23-24. So too will members of the Iraqi Governing Council and several key Iraqi interim ministers.

I appreciate your personal commitment as reflected by your decision to join us in Madrid. Your presence will send a tangible symbol to the Iraqi people of the international community's long-term commitment to Iraq's economic development.

To accelerate Iraq's recovery, I hope that you would be able to announce in Madrid a substantial bilateral contribution to this effort for both the short-term and medium-term needs identified in the World Bank/UN reports.

I also urge you to ensure that Kuwait's private sector is well represented at the private-sector meeting which will take place on October 23. Kuwait's invitation to this meeting was extended through H.E. Minister of Finance Al-Nouri by the Spanish government some time ago. I understand the invitation has been forwarded to the Kuwait Chamber of Commerce and Industry to nominate a representative delegation.

No matter what Kuwait's contribution, your presence will matter. Secretary Snow and I look forward to seeing you in Madrid on October 24th to coordinate our collective contributions to Iraqi efforts to forge a better future.

End text of oral message.

16. (U) Baghdad minimize considered.

JONES